

AR14

HORNE & PITFIELD FOODS LIMITED



1977 ANNUAL REPORT

SYNOPSIS

	1977	1976
Sales	\$367,188,962	\$340,592,638
Net income	3,201,544	2,668,960
Per share	\$1.62	\$1.36
Working capital	\$10,441,091	\$ 8,411,872
Total assets	56,507,230	50,650,978
Shareholders' equity	15,991,825	12,983,380
Per share	\$8.06	\$6.62



REPORT TO SHAREHOLDERS

In our report to you last year we indicated uncertainty about a number of matters and the effect they would have on operating results for 1976-77. Generally our predictions proved to be correct but fortunately earnings improved substantially more than expected and were a record on a consolidated basis. The value of the U.S. dollar compared to the Canadian dollar increased substantially during the year and had a very positive effect on earnings. On the other hand, labour strikes at the Sacramento, Fresno and Modesto branches of Market Wholesale Grocery Co. of California for a combined total of 18 work weeks had an adverse effect on their results. With regard to the Anti-Inflation Act of the Canadian Government, our results were included in the group consolidation of our parent, M. Loeb, Limited, and as a result we had no excess revenue to deal with during the year.

Operating Results

This year comprised 52 weeks of operations as compared with 53 weeks last year. Consolidated sales increased \$27 million or 8% to a record \$367 million. More significant was the improvement in earnings of \$532,584 or 20% to \$3,201,544. Earnings per share were \$1.62 this year as compared with \$1.36 last year.

	Canadian Division	U.S.A. Division	Consolidated
Sales increase	11.6%	4.9%	7.8%
Net income increase (decrease)			
Before foreign exchange	37.4%	(6.7)%	15.3%
After foreign exchange	37.4%	2.7%	20.0%

Financial Position

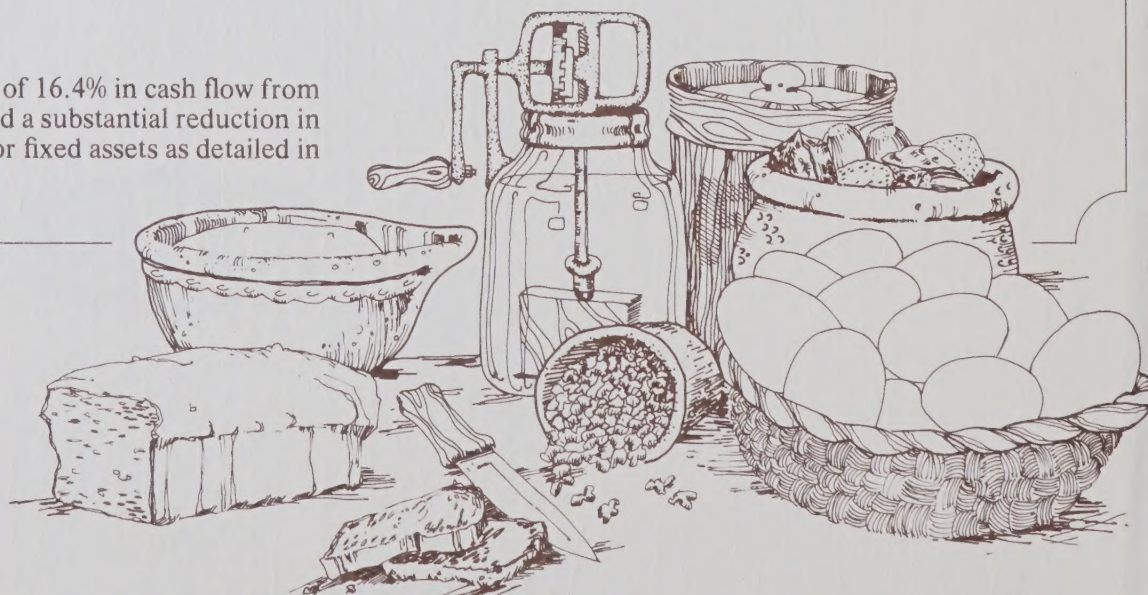
There was an improvement of 16.4% in cash flow from operations to \$4,627,929 and a substantial reduction in the use of working capital for fixed assets as detailed in

the Consolidated Statement of Changes in Financial Position accompanying this report. As a result working capital improved \$2,029,219 to \$10,441,091 as at January 29, 1977, a ratio of 1.34 to 1.

Growth and Development

During the year we embarked on a new endeavour in Canada becoming a 50% joint venture partner in Shopping Centres. Agreements were entered into for enclosed malls at Blairmore, Hanna and Cardston, Alberta, to be opened in May 1977, September 1977 and early 1978 respectively.

The total number of franchised retail stores affiliated with our Company increased by 20. Two IGA stores were closed and one was transferred to another affiliated group. The IGA store in Chetwynd, British Columbia, was moved to new expanded premises and Edson IGA was expanded and renovated. New IGA stores were opened in Stony Plain, Hinton, Cochrane and Lac La Biche, Alberta and the North Town Mall in Edmonton, Alberta. A lease has been completed for a new IGA Foodmart in the Duggan Mall in Camrose, Alberta and four additional IGA stores are planned for the coming year. Three Mayfair stores were transferred to other affiliated groups, three were closed and four new stores were added. A new Mayfair store is presently under construction in Airdrie, Alberta. Considerable growth and development took place in our Red Rooster group where 12 stores were added during the year, nine more are under construction and 22 others are in the planning stage.



A six acre plot of land was purchased in Grande Prairie, Alberta and presently we have under construction a modern 65,000 square foot distribution centre to replace our present inadequate facility. Earlier in the year a new Cash & Carry Depot was opened in Edmonton to replace an older facility. A new Corporate office building is under construction on a portion of the 34 acre site of industrial land we own adjacent to the outskirts of West Edmonton, Alberta.

Market Wholesale Grocery Co. of California is currently reviewing their group of distribution centres and Cash & Carry Depots to develop a long range plan of expansion and replacement. They are also moving their Corporate offices from Glendale to Santa Rosa, California.

Future

The stabilization of food prices helped reduce the rate of inflation during the past year, however, the costs of other commodities and services required in the day-to-day operations of our business continued to escalate.

There seems little hope at this time that food prices will remain stabilized and there is no evidence at all there will be any abatement in the escalating costs of transacting business. In all probability the Anti-Inflation program of the Canadian Government will have a greater effect in our operating results this coming year due to amendments to the regulations of the Act. Another factor which can have a material effect on our earnings is the value of the U.S.A. dollar as compared to the Canadian dollar and what changes will take place during the year are quite impossible to predict. In summary we are reasonably confident of increased sales in the order of 10-15% but in no way certain of any improvement in the record earnings achieved this year.

Appreciation

In December of 1976 Bertram Loeb resigned as Chairman of the Board after 18 years of distinguished ser-

vice. Mr. Loeb made an outstanding contribution to the welfare of the Company and we pay tribute to his many achievements in the field of food distribution and voluntary independent retailer programs.

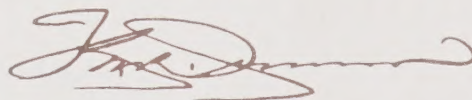
H. Edward Moore resigned as President of Market Wholesale Grocery Co. effective the end of the fiscal year and was succeeded by Carl R. Goslovich, formerly Executive Vice President. Mr. Moore had a distinguished career in food distribution in California and we pay tribute to his stewardship of Market during its years of growth and development.

We recognize our employees are our most valuable asset as they are the essential ingredient of success. We are particularly proud of their accomplishments and thank them warmly for contributing to our considerable success this past year. We also extend sincere appreciation to our many affiliated retailers, suppliers and other associates for their continued cooperation and support.

Annual Meeting

The Annual General Meeting, to which all shareholders are cordially invited, will be held at the Head Office of the Company, Edmonton, Alberta on Tuesday, June 21, 1977 at 11 o'clock in the forenoon.

On behalf of the Board of Directors.



President & Chief Executive Officer.



CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

For The Year Ended January 29, 1977
(with comparative figures for the year ended January 31, 1976)

	1977 (52 weeks)	1976 (53 weeks)
Sales	\$367,188,962	\$340,592,638
Income before the undernoted	9,132,301	7,776,501
Interest on long term debt	830,668	919,269
Other interest	377,988	127,156
Depreciation	1,505,432	1,356,441
	2,714,088	2,402,866
Income before taxes	6,418,213	5,373,635
Income taxes —		
Current	3,161,832	2,605,989
Deferred	(21,832)	4,011
	3,140,000	2,610,000
	3,278,213	2,763,635
Minority interest in earnings of subsidiary	76,669	94,675
Net income	3,201,544	2,668,960
Retained earnings at beginning of year	8,331,901	5,898,004
	11,533,445	8,566,964
Dividends	236,799	235,063
Retained earnings at end of year	\$ 11,296,646	\$ 8,331,901
Earnings per share (Note 1)	\$1.62	\$1.36



CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For The Year Ended January 29, 1977
(with comparative figures for the year ended January 31, 1976)

	1977 (52 weeks)	1976 (53 weeks)
Working capital was provided from:		
Operations	\$ 4,627,929	\$ 3,974,442
Increase in long term debt	2,445,554	1,611,425
Disposals of fixed assets	361,042	58,816
Deferred accounts receivable	56,283	116,346
Share capital issued	43,700	6,100
	<u>7,534,508</u>	<u>5,767,129</u>
Working capital was used to:		
Purchase fixed assets	2,578,919	4,278,718
Decrease long term debt	2,163,147	1,817,665
Reduce minority interest	520,536	—
Pay dividends	236,799	235,063
Increase other deferred assets	5,888	6,171
	<u>5,505,289</u>	<u>6,337,617</u>
Increase (decrease) in working capital	<u>2,029,219</u>	<u>(570,488)</u>
Working capital at beginning of year	8,411,872	8,982,360
Working capital at end of year	<u>\$10,441,091</u>	<u>\$ 8,411,872</u>



CONSOLIDATED BALANCE SHEET

JANUARY 29, 1977

(with comparative figures as at January 31, 1976)

ASSETS	January 29 1977	January 31 1976
Current:		
Cash	\$ 3,047,484	\$ 2,656,318
Accounts receivable	14,002,560	11,457,987
Note due from a director	—	291,266
Inventories of merchandise (Note 1)	22,669,405	20,189,599
Prepaid expenses	552,220	558,089
Land, buildings and equipment held for sale, at the lower of cost and estimated realizable value	611,733	565,088
	<u>40,883,402</u>	<u>35,718,347</u>
Deferred:		
Accounts receivable	521,459	577,742
Other	85,608	79,720
	<u>607,067</u>	<u>657,462</u>
Fixed, at cost (Note 1):		
Land and buildings	8,861,529	7,670,724
Equipment	11,862,795	11,094,879
	<u>20,724,324</u>	<u>18,765,603</u>
Less — Accumulated depreciation	8,837,554	7,620,425
	<u>11,886,770</u>	<u>11,145,178</u>
Goodwill, at cost	3,129,991	3,129,991
ON BEHALF OF THE BOARD:		
KENNETH W. QUINN, Director		
DAVID A. GOLDEN, Director		
	<u>\$56,507,230</u>	<u>\$50,650,978</u>



LIABILITIES

	January 29 1977	January 31 1976
Current:		
Bank indebtedness (Note 2)	\$ 3,026,846	\$ 3,248,272
Accounts payable and accrued liabilities	24,137,771	21,517,711
Income taxes payable	1,124,526	543,196
Current portion of long term debt	2,153,168	1,997,296
	<u>30,442,311</u>	<u>27,306,475</u>
Long term debt (Note 3)	8,550,029	8,267,622
Deferred gains on property disposals (Note 1)	367,478	395,546
Deferred income taxes	92,866	114,698
Minority interest, including \$1,029,445 (1976 — \$1,548,450) attributed to preferred shares	1,062,721	1,583,257
Shareholders' equity:		
Capital, shares of a par value of 20c each (Note 4)		
	1977	1976
Authorized —	5,000,000	5,000,000
Issued —	1,983,204	1,961,354
Premium on share capital	396,641	392,271
Retained earnings	4,298,538	4,259,208
	11,296,646	8,331,901
	<u>15,991,825</u>	<u>12,983,380</u>
Commitments and contingencies (Note 5)		
	<u>\$56,507,230</u>	<u>\$50,650,978</u>



NOTES TO FINANCIAL STATEMENTS

1. Accounting policies:

Principles of consolidation —

The consolidated financial statements include the accounts of the Company and all its subsidiaries and its proportionate share of the assets, liabilities and operating results of joint ventures.

Foreign exchange —

The accounts of the California subsidiaries have been translated to Canadian dollars on the following basis:

Current assets and current liabilities at the exchange rate prevailing at January 29, 1977

Other balance sheet items at historical rates of exchange

Income and expenses (other than depreciation expense translated at the rates applicable to related depreciable assets) at the average exchange rate prevailing during the year

The foreign exchange gain of \$130,355 (1976 — \$4,530) arising from this translation has been credited to net income.

Inventories of merchandise —

Wholesale inventories are valued at the lowest of cost, replacement cost and net realizable value. Retail inventories are valued at the lower of cost and net realizable value.

Fixed assets —

Fixed assets are recorded at cost. Depreciation is provided by the straight-line method (except warehouse and automotive equipment in Canada which is depreciated by the diminishing balance method) over the estimated useful lives of the assets which are considered to be:

Buildings	15 - 40 years
Equipment	7 - 10 years

Leasehold improvements are being depreciated over the terms of the related leases. Buildings constructed on leased properties have a net book value of \$483,100.

Where appropriate, maximum depreciation is claimed for income tax purposes and a related provision is made for deferred income taxes.

Goodwill —

Goodwill represents the excess cost of subsidiaries over net book value.

Goodwill arising prior to April 1, 1974 will not be amortized unless there is permanent impairment of value.

Deferred gains on property disposals —

Deferred gains on property disposals are amortized over the terms of the related agreements.

Earnings per share —

Earnings per share are calculated on the weighted average number of shares outstanding during the year.

2. Bank indebtedness:

The bank loans are secured by a floating charge debenture, a general assignment of book debts and a mortgage on certain property.

3. Long term debt (Canadian funds):

	1977	1976
U.S. 9% promissory notes secured by the shares of Market Management Incorporated and by the guarantee of the Company	\$3,399,114	\$4,262,522
Canadian bank loan secured by a floating charge debenture	1,870,000	1,600,000
U.S. bank loan secured by shares of Market Wholesale Grocery Co.	2,445,600	1,337,700
Property mortgages	695,244	807,097
Equipment loans secured by chattel mortgages	85,500	218,986
Other	54,571	41,317
	<u>\$8,550,029</u>	<u>\$8,267,622</u>



Instalments of principal due in the years 1979 to 1982 are \$2,460,794, \$2,188,310, \$2,354,470 and \$1,341,884.

4. Employees stock options:

Options to purchase 21,850 shares were exercised during the year at \$2 per share. There are no further options outstanding.

5. Commitments and contingencies:

The companies have obligations under long term leases for rentals of warehouses and retail stores aggregating \$2,545,788 per annum of which \$1,555,216 is recoverable from sub-leases to others. The companies have outstanding construction commitments of \$1,726,000.

The companies are contingently liable as guarantors of bank loans to customers in the amount of \$961,544.

6. Remuneration of directors and senior officers:

The aggregate direct remuneration paid by the Company and its subsidiaries to directors and senior officers was \$468,985.

7. Anti-inflation program:

The Company and its subsidiaries form part of the M. Loeb, Limited group which is subject to controls on prices and profits instituted by the Federal Government in the Anti-Inflation Act. The Company has been informed by M. Loeb, Limited that the group did not earn excess revenue during the year.

AUDITORS' REPORT

To the Shareholders of
Horne & Pitfield Foods Limited:

We have examined the consolidated balance sheet of Horne & Pitfield Foods Limited and its subsidiaries as at January 29, 1977 and the consolidated statements of income and retained earnings and changes in financial position for the fifty-two weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at January 29, 1977 and the results of their operations and the changes in their financial position for the fifty-two weeks then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Alberta PRICE WATERHOUSE & CO.
April 5, 1977 Chartered Accountants



GROWTH AT A GLANCE

SALES

\$94,009,263	1973
\$204,385,407	1974
\$291,047,578	1975
\$340,592,638	1976
\$367,188,962	1977

EARNINGS

*\$0.46 \$840,223	1973
*\$0.70 \$1,341,127	1974
*\$1.32 \$2,586,855	1975
*\$1.36 \$2,668,960	1976
*\$1.62 \$3,201,544	1977

TOTAL ASSETS

\$34,480,548	1973
\$40,141,656	1974
\$43,164,733	1975
\$50,650,978	1976
\$56,507,230	1977

SHAREHOLDERS' EQUITY

*\$3.56 \$6,616,758	1973
*\$4.18 \$8,191,390	1974
*\$5.38 \$10,543,383	1975
*\$6.62 \$12,983,380	1976
*\$8.06 \$15,991,825	1977

The 1974 Fiscal Period consisted of 43 weeks only.

*PER SHARE



FIVE YEAR SUMMARY

OPERATING RESULTS	1977	1976	1975	1974†	1973
Sales	367,188,962	340,592,638	291,047,578	204,385,407	94,009,263
Depreciation	1,505,432	1,356,441	1,095,105	752,974	438,935
Income before taxes	6,418,213	5,373,635	5,492,810	2,960,878	1,595,223
Percent of sales	1.75	1.58	1.89	1.45	1.70
Per share	3.25	2.74	2.80	1.54	.87
Income taxes	3,140,000	2,610,000	2,815,000	1,550,000	755,000
Net income	3,201,544	2,668,960	2,586,855	1,341,127	840,223
Per share	1.62	1.36	1.32	.70	.46
Cash flow	4,627,929	3,974,442	3,647,913	2,147,448	1,321,168
Per share	2.35	2.03	1.86	1.12	.72
Dividends	236,799	235,063	235,062	117,495	221,526
Per share	12.0	12.0	12.0	6.0	12.0

† The 1974 fiscal period consisted of 43 weeks only.

FINANCIAL POSITION

Working Capital	10,441,091	8,411,872	8,982,360	7,686,869	8,446,031
Ratio	1.34:1	1.31:1	1.41:1	1.37:1	1.54:1
Total assets	56,507,230	50,650,978	43,164,733	40,141,656	34,480,548
Shareholders	649	755	782	815	1,162
Shares issued	1,983,204	1,961,354	1,958,854	1,958,754	1,858,254
Shareholders' equity	15,991,825	12,983,380	10,543,383	8,191,390	6,616,758
Equity per share	8.06	6.62	5.38	4.18	3.56

OTHER INFORMATION

Canadian:					
Warehouses	9	9	9	9	9
Cash & Carry warehouses	6	6	6	6	6
IGA stores	73	71	73	76	80
Mayfair stores	32	34	33	27	23
Red Rooster stores	35	23	17	11	6
MM stores	260	252	287	270	289
Triple S stores	12	12	14	13	16
U.S.A.:					
Grocery warehouses	6	6	6	5	5
Frozen food warehouses	3	3	3	3	3
Cash & Carry warehouses	8	8	7	7	7



HORNE & PITFIELD FOODS LIMITED

DIRECTORS

EDWARD E. BISHOP, Q.C.
BRYAN A. ELLIS
DAVID A. GOLDEN
CARL R. GOSLOVICH
BERTRAM LOEB
DAVID B. LOEB
H. EDWARD MOORE
KENNETH W. QUINN, C.A.

KENNETH W. QUINN, C.A.
President and Chief Executive Officer
A. NELSON GAHN,
Executive Vice President
DAVID W. MELLOR, C.A.,
Vice-President, Finance
RONALD J. GARLAND, Vice-President,
Human Resources
WESLEY L. ARMENEAU, Vice President,
Wholesale Operations

OFFICERS

MELVIN G. LINDGREN, Vice-President,
Retail Operations
JOHN M. FREEMAN, Vice-President,
Marketing
EDWARD E. BISHOP, Q.C.,
Secretary
THOMAS JACKSON,
Assistant Secretary

CANADIAN DIVISION

RICHARD DALEY
Director, IGA Stores
THOMAS G. VAN DER WEIDE,
Director, Corporate Stores
DARRYL H. SMITH,
Director, Advertising
ROBERT S. McKEE,
Director, Meat Operations
G. DENNIS McNAMARA,
Director, MM Stores
FREDERICK D. KNOPKE,
Director, Data Processing
MORLEY G. STANWAY, C.A.,
Comptroller
DENNIS J. BRENNEN
Director, Calgary Branch
WAYNE A. WAGNER
Director, Edmonton Branch
JOHN ANTON,
Director, Peace River Branch
LEONARD L. SCHULTZ,
Director, Medicine Hat Branch
LAWRENCE BROWN,
Director, Dawson Creek Branch
M. CARL COOKE,
Director, Red Deer Branch
RONALD P. GERTNER,
Director, St. Paul Branch
JULES R. WIEBE,
Director, Grande Prairie Branch
JOHN M. STANTON,
Director, C. W. Boon & Co. Ltd.

USA DIVISION

CARL R. GOSLOVICH,
President
RAYMOND V. FERRUCCI,
Senior Vice-President and
General Manager, Modesto
ARTHUR W. GRIX,
Senior Vice-President and
General Manager, Sacramento
WILLIAM H. BIRTCL, SR.,
Vice-President and
General Manager, Santa Clara
JOHN "DEL" ELAM,
Vice-President and
General Manager, Eureka
WALTER J. AMADOR,
Vice-President and
General Manager, Redding
JOHN C. MOORE,
Vice-President and General Manager,
Glendale and Fresno, Frozen Foods
DAVID L. STAFFORD,
Vice-President and
General Manager, Fresno, Grocery
HARRY MARKOWITZ JR.,
Vice-President and Advertising Manager
CHARLES E. DeBERRY, C.P.A.,
Vice-President and Assistant Secretary
HARRIET OROZ, Treasurer
MARY T. HOPKINS, Secretary
GLENN A. WEDIN, Assistant Secretary

BANKERS The Toronto-Dominion Bank: The Bank of California

REGISTRARS AND TRANSFER AGENTS Montreal Trust Company

AUDITORS Price Waterhouse & Co.

LISTED ON Toronto Stock Exchange



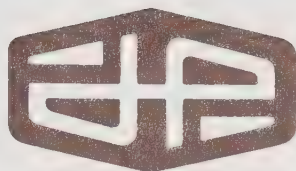
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HORNE & PITFIELD FOODS LIMITED

14550-112 Avenue, Edmonton, Alberta T5M 2V1

**HORNE & PITFIELD
FOODS LIMITED**



**INFORMATION
CIRCULAR**

The information contained in this circular is furnished in connection with the solicitation of proxies by the Management of Horne & Pitfield Foods Limited (hereinafter sometimes called the "Company") for use at the Annual General Meeting of Shareholders of the Company to be held at the Head Office of the Company, 14550 - 112 Avenue, Edmonton, Alberta, on Tuesday, the 21st day of June, 1977 at 11:00 o'clock in the forenoon (Mountain Daylight Time) for the purposes set forth in the accompanying Notice of Meeting. It is expected that solicitations will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company at nominal cost. The cost of solicitation will be borne by the Company.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Only the holders of common shares are entitled to vote at the Annual General Meeting. Each holder of a common share of the Company of record on June 6th, 1977 is entitled to one vote for each share held. The Company has outstanding 1,983,204 common shares as at May 30th, 1977.

M. Loeb Limited is the registered owner of 1,695,972 common shares representing 85.5% of the outstanding equity shares of the Company. No other person, firm or corporation is, to the knowledge of the directors or senior officers of the Company the owner directly or indirectly of equity shares carrying more than 10% of the voting rights.

ELECTION OF DIRECTORS

The following are the names of the persons who are proposed nominees for election as directors. It is intended that the shares represented by the proxy hereby solicited will be voted in favour of their election as directors:

Pierre Arbour

Edward E. Bishop, Q.C., Secretary

Bryan A. Ellis

David A. Golden

Carl R. Goslovich

David B. Loeb

Kenneth W. Quinn, C.A., President

Frank M. Warnock

The term of office of each such person is until the next Annual General Meeting or until his successor is elected or appointed. In the event that prior to the Annual General Meeting any vacancies occur in the slate of nominees submitted herewith it is intended that discretionary authority shall be granted to vote the proxy for the election of any other person or persons as directors. The management is not aware that any of such nominees would be unwilling to serve as a director if elected.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

Name and Principal Occupation	Year first appointed a Director	Shareholdings (Note 1)
Pierre Arbour Senior Corporate Investment Advisor Caisse de Dépôt et Placement du Québec (Quebec Deposit and Investment Fund)	—	1
Edward E. Bishop, Q.C. Senior Partner, Bishop & McKenzie Barristers & Solicitors	1962	101
Bryan A. Ellis President, Associated Engineering Services Ltd.	1969	101
David A. Golden President, Telesat Canada	1973	1
Carl R. Goslovich President Market Wholesale Grocery Co.	1973	1
David B. Loeb President, Ambassador Realty Inc.	1961	1
Kenneth W. Quinn, C.A. President, Horne & Pitfield Foods Limited	1959	8,551
Frank M. Warnock President, M. Loeb, Limited	—	50

Note:

1. Common shares beneficially owned directly or indirectly as of May 30th, 1977 according to information provided by each nominee.
2. All nominees have continuously served as directors of the Company from the years indicated.
3. During the past five years all nominees as directors have been employed in various capacities by the companies or firms indicated below their names except Frank M. Warnock who prior to 1976 was President of Dominion Dairies Limited and prior to 1973 was Vice President, Sales and Marketing of that company.

REMUNERATION OF MANAGEMENT AND OTHERS

During the fiscal year ended January 29th, 1977, the aggregate direct remuneration paid or payable by the Company and its subsidiaries to all directors and senior officers as a group was \$468,984.76.

The estimated aggregate cost to the Company and its subsidiaries in the last completed financial year of all pension benefits proposed to be paid under any normal pension plan in the event of retirement at normal retirement age directly or indirectly by the corporation or any of its subsidiaries to the directors and senior officers of the corporation is \$54,451.74.

Particulars of options on common shares exercised by directors and senior officers subsequent to January 31st, 1976 are as follows:

Date of Purchase	Number of Common Shares	Price	Price Range 30 day period preceding date of purchase
February 3, 1976	1,200	\$2.00	\$3.35-\$3.35
August 31, 1976	500	\$2.00	\$4.60-\$5.25
September 1, 1976	12,000	\$2.00	\$4.60-\$5.25

On September 18, 1975 advances by Market Wholesale Grocery Co., a subsidiary of the Company, to H. Edward Moore, then President of Market Wholesale Grocery Co., for the purpose of acquiring preference shares in that company were approved, such advances to bear interest at the rate of 6% per annum. The largest amount outstanding at any time subsequent to the commencement of the Company's last completed fiscal year amounted to \$311,575.00 in United States funds. The amount presently outstanding is nil.

The Board of Directors resolved to pay to Mr. Bertram I. Loeb, who resigned as Chairman of the Board on December 15, 1976, a retirement allowance in the amount of \$36,000.00 per annum, for the five consecutive calendar years commencing January 1, 1977.

APPOINTMENT OF AUDITORS

It is intended to vote the proxy to re-appoint Messrs. Price Waterhouse & Co. Chartered Accountants, the present auditors, as auditors of the Company to hold office until the next Annual General Meeting of Shareholders. Messrs. Price Waterhouse & Co. were first appointed auditors of the Company on May 26, 1959.

VOTING OF PROXIES

A shareholder has the right to appoint a person (who need not be a shareholder) other than the persons designated in the enclosed form of proxy, to attend and act for him and on his behalf at the Annual General Meeting. To exercise this right the shareholder may insert the name of the desired person in the blank space provided in the form of proxy and strike out the other names or may submit another appropriate proxy.

Unless otherwise specified, the proxy will be voted in favour of the acceptance of the consolidated financial statements of the Company and its subsidiaries for the fiscal period ended January 29th, 1977, together with the reports of the directors and auditors thereon, the election of the directors nominated, the re-appointment of Messrs. Price Waterhouse & Co. as auditors and the authorization of the directors to set the remuneration of the auditors.

The form of proxy confers discretionary authority with respect to amendments or variations to matters identified in the notice of Annual General Meeting and other matters which may properly come before the meeting.

A shareholder executing the enclosed form of proxy has the power to revoke the proxy at any time up to and including the last business day preceding the day of the Annual General Meeting or any adjournment thereof. Section 139 (4) of the Companies Act, Alberta, sets out a procedure for revoking the proxy by depositing an instrument in writing at the Head Office of the Company.

GENERAL

The management knows of no matters to come before the Annual General Meeting of Shareholders other than matters referred to in the Notice of Meeting. However, if any other matters which are not now known to the management should properly come before the meeting the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

Dated May 30th, 1977.



NOTICE OF ANNUAL GENERAL MEETING

TAKE NOTICE that the Annual General Meeting of the Shareholders of HORNE & PITFIELD FOODS LIMITED will be held at the office of the Company, 14550 - 112 Avenue, in the City of Edmonton, Province of Alberta, at 11:00 o'clock in the forenoon on Tuesday, the 21st day of June, A.D. 1977, to

- (a) Receive the Consolidated Financial Statements of the Company and its subsidiaries for the fiscal year ended January 29, 1977 together with the reports of the directors and auditors thereon, copies of which accompany this Notice;
- (b) Elect directors;
- (c) Appoint auditors and authorize the directors to set their remuneration;
- (d) Transact such other business as may properly come before the meeting or any adjournment thereof.

Dated at Edmonton, Alberta, this 30th day of May, 1977.

BY ORDER OF THE BOARD
Edward E. Bishop, Secretary

If you are unable to attend this meeting in person, please return your proxy, thus enabling your shares to be voted at the aforementioned meeting. For your convenience, a form of proxy is attached to this notice which you are requested to date, sign, detach and return.

